



Chapter

3

Financial Services

In this chapter, you will

- evaluate various financial service options, and choose those that best meet your needs;
- calculate simple and compound interest;
- make informed decisions about the use of credit; and
- plan ways to use credit effectively.

3.1

Choosing an Account

Financial Institutions

- include banks and credit unions
- they are a business like any other....so choose wisely

Banking Terms

Account - used to describe the place of keep for ones money ... savings account, chequing account

Interest - money earned on an investment or the fee paid for borrowing money; usually expressed as a percent

Self service banking - banking that is done over the phone, on line, at the banking machine; does not require the services of a teller

Full service banking - banking that is done with help of a teller

Transaction - any activity such as a cash withdrawal, deposit, money transfer, pre-authorized payment, or bill payment

PIN - personal identification number - a numeric password used to identify the user

To pass in:

- complete the questions on Pg. 95 (discuss the ideas). You can do it in pairs or by yourself.
- Activity 3.2 Pg.98: Read over the activity details and then answer the questions on Pg. 99 (#1 to 3)

#1,2,4

To complete for Tuesday (for homework):

-Pg.102 #1-6 You need to use the table on Pg.96 to complete the questions!! You may have trouble with #3a but should be able to work out the other questions. The answers are in the back of the book but I should see evidence that you worked out each question yourself and tried your best to answer them correctly.

Also, many of you have not passed in the last worksheet that we did (before march break). I have put a copy of the side board. Please pass it in if you have it complete or get it passed in completed, asap. If you need another copy come see me later today, as I will be back by 10)

DISCUSS THE IDEAS

CHOOSING YOUR BANK ACCOUNT

Banks charge different transaction rates on different types of accounts. If you pay bills online and frequently use banking machines, you will likely want a different type of account than someone who makes regular deposits and prefers to do their transactions with a bank teller.

Working in a small group, brainstorm answers to the following questions.

1. What are some typical transactions that students are likely to make?
2. Have you ever written a cheque? When might you need to write a cheque?
3. Why might you want to have a full-service account? Why might you want a savings account?
4. Many banks offer an account selector on their website. What information would you need to consider about your financial needs so that you could make an informed choice when selecting a bank account?

Most financial institutions issue a bank card to account-holders.

- A bank card allows you to make purchases in stores that accept bank cards as payment. When you make a bank card purchase, the amount is deducted directly from your bank account.
- Some merchants offer “cash back,” which allows you to withdraw cash from your account when you pay for your purchase.
- To use your bank card, you need a **PIN (Personal Identification Number)**. Your pin must be kept private so that nobody else can access your account.
- A bank card can also be used at any ATM to withdraw cash directly from your bank account.
- At some ATMs, you can also use your bank card to make deposits into your account or to find out your account balance.
- You can use ATMs operated by your own financial institution as well as by other banks.

In many cases, the fee for using an ATM may be included in your account package. However, your bank may charge a fee if you withdraw cash at an ATM operated by another financial institution. There could also be a service charge from the other financial institution. This means you will pay a fee to your own bank, plus a service charge to the other bank.

Working in a small group, answer the following questions.

1. Why is it best to use your bank card at a branch of your own bank?
2. Research and describe three advantages and disadvantages of bank card purchases.
3. Examine the receipt printed by a Bank of Atlantic Canada ATM after a transaction.
 - a) What important information is provided by an ATM receipt?
 - b) Why do you think the card number was printed this way?
 - c) Why is it a good idea to keep your ATM receipts?

Bank of Atlantic Canada

DATE: 14/07/2011 TIME: 20:35

ATM: 314159

CARD NUMBER: 3421 *****58552

SAVINGS ACCOUNT

Withdrawal \$60.00

Account Balance \$854.45

Transaction Record PA2L-9014

BUILD YOUR SKILLS

Pg. 102

Use information from the Bank of Atlantic Canada table on p. 96 to complete questions 1 to 4.

Pg. 96 (table to use for questions)

BANK OF ATLANTIC CANADA SERVICE PACKAGES

	Value Account	Self-service Account	Full-service Account	Bonus Savings Account
Monthly fee	\$3.90	\$10.90 Students and Youth (under 18) save 50% on the monthly fee	\$24.50	No fee
Fee waived on minimum monthly balance	\$1000.00	\$1500.00	\$2000.00	
Transactions covered by monthly fee: <ul style="list-style-type: none"> • cheques • withdrawals • bill payments • debit purchases • transfers to other Bank of Atlantic Canada accounts 	10 self-service	25 self-service	40 self-service or teller-assisted No annual fee for a credit card	2 debit transactions
Charge for additional transactions not covered by monthly fee	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.25 each	Self-service or teller-assisted \$1.25 each
Non-Bank of Atlantic Canada ATM withdrawals	\$1.50 each	\$1.50 each		
Interest				Daily interest that grows with your balance

1. Marc is an administrative assistant for the provincial francophone development council in Charlottetown, PEI. The council supports the economic development of the local Acadian and francophone community. Marc plans to save \$300.00 a month towards buying a house. What type of account should he choose? Explain your answer.

2. Jannik does most of his banking online or at an ATM. Every month he has a minimum balance of \$1200.00 and does about 15 transactions. Suggest the account most suitable for his needs and explain your choice.

3. Kyra has a Self-service Account at the Bank of Atlantic Canada with an opening balance of \$2150.23 for October. She made the following transactions in the month:
- full-service payment of \$250.42 for her utility bill
 - payment by cheque of \$650.00 for her rent
 - purchase of \$100.00 worth of traveller's cheques
 - cash withdrawals of \$60.00 and \$20.00 at her local Bank of Atlantic Canada ATM
 - cash withdrawal of \$100.00 at an ATM which was not a Bank of Atlantic Canada ATM; there was an additional \$1.50 charge on top of the Bank of Atlantic Canada service charge
- payments of \$102.24 and \$43.20 for groceries, \$50.00 for gas, and \$7.35 for lunch using her bank card
 - payment for a new cycling jacket purchased online for \$99.95
 - online payment of her phone bill of \$36.35
- a) What are the service charges for Kyra's transactions?
 - b) What will Kyra's balance be at the end of the month?
 - c) If Kyra makes a single deposit of \$800.00 this month, will she have to pay a monthly fee?

4.
 - a) Explain why it is important to keep your bank card PIN secure.
 - b) List three ways that you can protect your personal banking information.